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## GOVERNOR PATRICK FILES LEGISLATION TO HELP THE CITY OF LAWRENCE REGAIN ITS FISCAL FOOTING

To help the City of Lawrence rebound from extreme fiscal challenges, Governor Deval Patrick today filed legislation that will give the city new tools to help balance its books and set itself on a path to a strong economic future.

The City of Lawrence is facing a current fiscal year operating budget deficit of approximately \$9.5 million and a capital project deficit of \$8 million. Lawrence is also facing a projected budget gap in Fiscal Year 2011. The City will be unable to resolve these budget deficits without the authority to borrow, which officials are unable to do under current law. Without state action, the City of Lawrence will be unable to continue to fund critical city operations as early as this spring.

"This is a responsible way to help the Lawrence community get back on its feet," said Governor Patrick. "Through support and strong oversight, this bill can put Lawrence on a course toward long-term and lasting fiscal stability."

"This bill provides the new Mayor and City Council time and tools to repair Lawrence's budget. There is a lot of hard work that needs to be done. This bill creates the framework for a strong partnership at the City and State level to ensure Lawrence's financial stability for the future," said State Senator Susan Tucker.

"This is a step forward in the right direction for the City," said Representative Barry Finegold.

"I appreciate Governor Patrick for his leadership and efforts to put Lawrence on strong financial footing," said Mayor-Elect William Lantigua. "I look forward to continue to working with him and all of our partners to bring the City's budget into balance and to make our community strong for today and tomorrow."

The comprehensive legislation filed today requires the City to meet certain conditions to get back on a path to responsible budgeting and to avoid the need for the state to implement a control board in Lawrence.

Specifically, the legislation allows the City to borrow into deficit up to \$35 million to balance its FY10 and FY11 budgets, allowing it to generate a steady cash flow, and to meet payroll and other commitments. The City would be able to borrow for up to 20 years. The bill also increases state oversight of the City's finances by providing for a state-appointed fiscal overseer who will work cooperatively with the new mayor and city council. The overseer will report directly to the Secretary of Administration and Finance and will be paid for by City funds.

The bill requires the overseer to assess the ability of City government to manage the City's fiscal challenges and develop a three year financial plan. If the City is not able to balance its FY11 budget before January 31, 2011, the overseer will report this to the Secretary of Administration and Finance. If the state overseer concludes that the City is unable to achieve a balanced budget and fiscal stability after that time, the Secretary of Administration and Finance may appoint a finance control board with extensive powers.

In addition, the bill requires the City to act to move to GIC or a regional health purchasing group if it will save the City money and requires the consolidation of municipal and school business functions.

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